[Unapproved and Subject to Change]
CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
MINUTES OF MEETING, Public Session

October 7, 2004

Call to order: Chairwoman Liane Randolph called the monthly meeting of the Fair Political Practices Commission (FPPC) to order at 9:54 a.m., at 428 J Street, Eighth Floor, Sacramento, California. In addition to Chairwoman Randolph, Commissioners Sheridan Downey, Pam Karlan, and Tom Knox were present at the beginning of the meeting. Commissioner Blair arrived at 10:05 a.m.

Item #1. Public Comment.

None.

Consent Calendar

Commissioner Karlan moved approval of the following items:

Item #2. ***In the Matter of Compton Community College District and Ulis Williams*****, FPPC No: 01/729.** (42 counts).

Item #3. ***In the Matter of Californians for Community Safety – Committee Against Proposition 21 and Ralph Miller*****, FPPC No. 02/430.** (1 count).

Item #4. ***In the Matter of Garden Grove Firefighters Association, Local 2005*****, FPPC No. 01/166.** (3 counts).

Item #5. ***In the Matter of Michael Morgan, Morgan for Supervisor, and Donna Morgan*****, FPPC No. 02/348.** (1 count).

Item #6. ***In the Matter of Kelli Moors and Friends of Kelli Moors*****, FPPC No. 01/722.** (1 count).

Item #7. ***In the Matter of Terri Williamson, Committee to Re-elect Terri Williamson, and Veronica Paschall*****, FPPC No. 01/413.** (1 count).

Item #8. ***In the Matter of Lennar Homes of California, Inc.*****, FPPC No. 04/323.** (1 count).

Item #9. Failure to Timely File Statements of Economic Interests.

a. ***In the Matter of Elmer Muller*****, FPPC No. 03/528.** (1 count).

b. ***In the Matter of G.J. (Rod) Murphy,*** **FPPC No. 03/624.** (2 counts).

c. ***In the Matter of Michelle Yu,*** **FPPC No. 03/846.** (1 count).

d. ***In the Matter of Johnny Edwards,*** **FPPC No. 04/018.** (1 count).

Commissioner Downey seconded the motion.

Commissioners Downey, Karlan, Knox, and Chair Randolph voted, "Aye." The motion carried by a 4-0 vote. (Commissioner Blair was absent for this item.)

Item Removed From Consent

There were none.

Item #10. Fair Political Practices Commission v. Michael Machado, Machado for Senate formerly known as Machado for Senate 2000, Machado for Senate 2004, and Stephen K. Sinnock; FPPC No. 04/248.

There were no comments or questions.

Item #11. ***In re Roberts*** **Opinion Request (O-04-093) - Adoption of Proposed Opinion.**

Commission Counsel Natalie Bocanegra explained that this item relates to the impact, if any, of Assembly Bill 205, which provides that registered domestic partners shall have the same rights and responsibilities as spouses. The bill goes into effect on January 1, 2005, and at that time, a domestic partner will have the same legal rights as spouses do regarding community property.

Ms. Bocanegra said that David Roberts, a candidate for the Solana Beach City Council who is currently subject to the rules of the Political Reform Act (PRA) applicable to candidates, requested this opinion. He sought a determination as to whether his property interests arising from his domestic partnership should be considered when evaluating whether the disclosure rules apply or whether a conflict-of-interest exists. Presently, Commission rules do not allow for the capture of disclosure information of this type of property, nor would the conflict-of-interest rules be triggered. However, under AB 205, the legal interest for a city councilman who has a domestic partner would be no different from a city councilman who is married.

Ms. Bocanegra presented the Commission with the question of whether the term "spouse" should be interpreted to include a domestic partner so that the same rules would apply. She noted that definitions of terms such as "income," "investment," and "real property" relate to interests of an official's immediate family, which includes "spouse." Thus, a second related question includes whether "immediate family" should include a domestic partner. The statute defines "immediate family" as "spouse and dependant children," so if the Commission determines that "spouse" includes a domestic partner, then investments and real property of an official's domestic partner

would also be considered when analyzing the disclosure and disqualification rules. She further noted that there are currently 28,637 domestic partnerships registered in California.

Ms. Bocanegra advised that interpreting the term "spouse" to include a domestic partner for purposes of the PRA would not violate Proposition 22, which states that only marriage between a man and a woman is valid or recognized in California. The Commission has defined by regulation other terms which can be found in areas of law outside of the PRA such as "intermediary" and "commission income." In interpreting terms of the PRA, the Commission has always given great weight to the mandates of Section 81002, which provides that receipts and expenditures in election campaigns should be fully and truthfully disclosed, and that assets and income of public officials which may be materially affected by their actions should be disclosed, and in appropriate circumstances that the officials should be disqualified. These purposes of the PRA are at the heart of this issue.

Ms. Bocanegra presented two options to the Commission. The first one (option 1) maintains the status quo, and the second one (option 2) modifies the interpretation of the word "spouse" to include a domestic partner. Staff recommends an added footnote (via a separate handout given to the Commissioners) under option 2 to clarify that the Commission's action under this option does not create a marriage nor confer the status of being married on any person. Further, staff recommends that the term "registered domestic partner" be inserted wherever the term "domestic partner" currently exists within the language of option 2 since AB 205 refers only to domestic partners who are registered.

Ms. Bocanegra said that staff has no recommendation for the adoption of either option, but staff advises that the Commission has the authority to define the terms of the PRA in a manner that best carries out the purposes of the PRA. Assemblymember Kehoe submitted a comment letter in support of option 2, interpreting the word "spouse" to include a domestic partner. In addition, Assemblymember Goldberg's staff indicated that Ms. Goldberg, who voluntarily discloses this information, is also in support of option 2.

In response to a question, Ms. Bocanegra said that, if AB 205 had never been enacted, the Commission would have the authority to include domestic partners under the term "spouse." The term "spouse" is not defined by the PRA, so the Commission would have the authority to interpret the rules of the PRA and define ambiguous terms. Without AB 205, there would be no need to examine this issue because there are no property interests that are currently in effect aside from issues that would otherwise be captured under the "personal financial effects" rule.

General Counsel Luisa Menchaca added that staff and the Commission has looked at the issue of defining "spouse" in the past when determining what constitutes a bona fide dating relationship for granting gift reporting exceptions. Historically, since 1975, Commission staff have consistently advised that these relationships are close enough to spousal relationships. However, the Commission has never codified this in regulation. There is very little guidance for staff in analyzing spouses or married couples, with the exception of the *Torres* opinion relating to allocation of gifts between married couples. Thus, when this issue arises, staff would appreciate more formal guidance of Commission policy on this. In addition, staff have looked at the

community property language and tended to utilize family law concepts in determining such things as when a separation is a legal one and the related consequences. By adopting option 2, the Commission would send a message to staff that it is appropriate to continue looking at how family law is evolving and apply those concepts when we analyze the PRA.

Chairwoman Randolph clarified that AB 205 adds the concept that there is a community property interest, and that this is something that the Commission would traditionally look at to determine one's economic interests.

In response to a question, Ms. Bocanegra explained that AB 205 says that registered domestic partners shall have the same rights and obligations under law, whether they derive from statutes, administrative regulations, court rules, government policies, common law, or any other provisions or sources of law as are granted to and imposed upon spouses. It also contains a provision which says that AB 205 does not amend or modify any provision of the California Constitution or any provision of any statute that was adopted by initiative. However, in interpreting the word "spouse," nothing in the PRA is being amended or modified, and the Commission is free to interpret that term.

Ms. Menchaca stated that the Commission would not have to follow AB 205, that the issue is strictly a policy question. If the Commission adopted option 2, Commission staff would be advantaged by not having to analyze when a domestic partnership is a bona fide relationship each time, because the question would be simple and would depend on whether the domestic partnership is registered. Option 2 would make that clear and simple for staff and the public.

Commissioner Knox commented that the Commission should acknowledge the change in the law by AB 205 but questioned whether an opinion is the appropriate method versus a regulatory change.

Ms. Menchaca agreed that a regulation would be useful, and said that an opinion would provide a useful policy direction in drafting a regulation.

Chairwoman Randolph noted that AB 205 does not go into effect until January, so, if the Commission wanted to move forward on a regulatory change consistent with AB 205, which she supports doing, the two options would be either to adopt the opinion and put the regulation on the calendar for the upcoming year or do an urgency regulation in November or December in advance of the law going into effect in January.

Commissioner Downey said the policy decision essentially revolves around the reporting and conflict-of-interest provisions of the PRA and that it would be silly for us to treat people with similar community property interests differently. He added that this needs to be addressed in a regulation but that he sees no reason not to issue an opinion as well. For purposes of the PRA, the word "spouse" should include registered domestic partners.

Commissioner Karlan stated that disclosure should be required for formally registered domestic partners, not just for any relationship between two people. She also suggested adopting this

policy through a regulation so that proper notice is provided to all of the filers. Currently, it is unclear whether income received by a domestic partner is treated as community property, for example, earned income may not be treated as community property for state income tax purposes. Thus, it is important to make this a regulation so that it is clear to people when domestic partner income will be treated as community property.

Ms. Menchaca said that it is the intention under option 2 to include language reflecting the change on the Form 700.

Chairwoman Randolph expressed her approval of either skipping the opinion and going with a regulation or doing both.

Commissioner Karlan said she would prefer a regulation and no opinion because there is no rush for Mr. Roberts given that AB 205 does not go into effect until January.

Commissioner Knox agreed with Commissioner Karlan in moving right to the regulation. He explained that he believes that option 1 is legally correct as the law stands now, but that will be changing over the next few months. He said he would not have a problem with adopting the regulation consistent with option 2 because it would be at staff's recommendation and in the appropriate order.

Commissioner Karlan said that before AB 205, the Commission would not have had the authority to make this decision.

Commissioner Downey expressed that AB 205 does not preclude the opinion letter. The Commission would be saying that in furtherance of the purpose of the PRA, people with financial interests that happen to derive from a registered domestic partnership have to do disclosure and abide by traditional conflict-of-interest analysis. He has no problem with option 2, and he still sees no harm in issuing the opinion letter in order to get the word out to Mr. Roberts and the community today rather than in December.

Commissioner Blair moves to adopt option 2 and follow it with a regulation.

Commissioner Downey seconded the motion.

Commissioner Karlan suggested that the wording of option 2 is not accurate as of now, because it discusses a future issue.

Chairwoman Randolph explained that the question does not match the conclusion in terms of timing. The conclusion says "as of that date, he will have…" and the question says "does he have…"

Commissioner Karlan said that she would be reluctant to approve an opinion letter that deals with future circumstances, even though she is committed to the idea of bringing registered domestic partners into the definition of "spouse" under the PRA. However, she sees no

difference between this and a regulation, which can be done under the urgency clause. She still prefers to do it all together under a regulation.

Chairwoman Randolph added that staff's additional recommended footnote, in the handout submitted to the commissioners today will be included as part of the opinion letter being considered under the motion to adopt.

Commissioner Karlan asked whether the public would have different notice under an opinion letter versus under a regulation.

Chairwoman Randolph responded by saying that there are different notice requirements, but she doubted that groups that do not normally follow the Commission's actions would see the change in any event. A regulation would get noticed at the Office of Administrative Law, which would reach people who do not normally check our website.

Commissioner Karlan suggested that the notice differences may be something to consider in deciding whether to proceed by notice and comment rulemaking versus opinion letter.

Ms. Menchaca said that when the Commission takes action on an opinion, it is adopted, but publication of the opinion can be done for up to 30 days pursuant to the rulemaking regulation. Thus, to the extent that the question and conclusion in the opinion need to be modified, staff can work with the Commission on that within the publication timeline.

Commissioners Blair, Downey, and Chair Randolph voted, "Aye." Commissioners Karlan and Knox voted "no." The motion carried by a 3-2 vote.

Chairwoman Randolph directed staff to schedule the regulation, which could be done as an urgency regulation in December.

There were no objections to this direction by the Chairwoman.

Chairwoman Randolph reminded Commissioners that they have the option of writing dissenting opinions.

Ms. Menchaca explained that within the 30 day timeline, a concurring or dissenting opinion can be published.

Item #12. Personal Loans (Section 85307) – Adoption of Proposed Amendments to Regulation 18530.8.

Commission Counsel Natalie Bocanegra explained that this item relates to the Commission's interpretation of Section 85307(c) of regulation 18530.8, which currently provides that proceeds of a loan by a commercial lending institution to a candidate do not count toward the personal loan limit of $100,000 for elective state office candidates. Since the last Commission meeting, SB 1449, which provides that the proceeds of such a loan do indeed count toward the personal

loan limit, was signed by the Governor. The language presented today would conform the Commission's regulatory rule to this new legislation.

Commissioner Karlan proposed suggested language changes in order to clarify that "the proceeds of a loan that meets the terms of subdivision A of Government Code section 85307, which the candidate then loans to his or her campaign, count…" As it is now worded, the language suggests that the candidate is personally liable for the loan because of the terms of subdivision A, when the candidate is instead liable to the bank only through his or her own contract with the bank.

Ms. Menchaca advised that the change should be fine since it refers to the statute. Ms. Bocanegra agreed.

Commissioner Blair moved to pass the proposed amendment with the suggested language change.

Commissioner Karlan seconded.

Commissioners Karlan, Downey, Blair, Knox, and Chairwoman Randolph voted, "aye." The motion carried with a 5-0 vote.

Item #13. Proposal to Add Government Code section 1090, et seq., into the Political Reform Act -- Policy Memorandum.

Assistant General Counsel John W. Wallace explained that this item concerns the potential merger of other conflict-of-interest laws into the PRA. There are a variety of conflict-of-interest laws not currently in the PRA which have existed well before the adoption of the PRA in 1974. In 2003, interested persons requested the Commission to sponsor legislation that would move these other statutes into the PRA. The goal was to foster greater compliance through Commission advice and regulatory interpretations of these often complicated laws. At the Commission direction, staff met with these interested parties and reduced the focus of the project to two bodies of law: Section 1090, et seq., and Public Contracts Code 10410 et seq. During these meetings, staff identified a major divergence of thought on the proposal. While many interested persons are in favor of the proposal, the California District Attorney's Association (CDAA) has strong reservations about such a legislative amendment. Their concern is that Commission jurisdiction will negatively impact their ability to criminally enforce Section 1090. Staff is not in agreement with this concern, staff has sought to alleviate the concerns of the CDAA. Staff therefore met with the Attorney General's Office, CDAA, and the League of Cities to create a pilot project.

Mr. Wallace requested the Commission to decide whether to approve either moving forward on this more limited pilot project or instead incorporating Section 1090 into the PRA without a pilot.

Mr. Wallace explained that the Public Contracts Code sections 10410 and 10411 would be easier to incorporate into the PRA. First, they only reach state officials, not local officials, so CDAA is not in opposition to this proposal. Second, the structure of the Public Contracts Code statutes is very similar to those that already exist in the PRA and would fit nicely into the related PRA sections. Staff recommends that the Commission authorize staff to move forward on incorporating these Contract Code sections into the PRA.

In response to a question, Mr. Wallace explained that the pilot project is still in flux. The 1090 statutes would not be amended or removed from its current place, and instead, the proposed legislation would give the Commission jurisdiction to issue advice on the statutes. Staff recommends that the project run for about 3 years to allow opportunity for input. The Commission opinion process would be used as a guide to the pilot project so that the Commission would be involved with the issuance of advice on 1090, and there would be opportunity for public, Attorney General, and local District Attorney participation.

Mr. Wallace advised that there is a lot of controversy about the legal effect. The CDAA is opposed to anything more than informal advice. Staff is not convinced that these concerns are realistic and instead believes that a Commission opinion on 1090 should have no less effect than formal written advice by staff, which can be used only as evidence of good faith in a civil or criminal proceeding. It does not provide immunity. The focus of the pilot project would be to look at the effect of Commission advice. CDAA is pushing for limited effect, but Commission staff believe that it should at least have the form of formal written advice.

General Counsel Luisa Menchaca pointed out that the only benefit of the pilot project to the public would be to provide a period of time where the Commission's formal assistance could be reviewed, discussed and used to develop the legislation.

Ben Davidian, from Davidian, Sweeney, and Green, emphasized that he was in favor of bringing the Public Contracts Codes into the PRA but has a problem with section 1090. The concern relates to granting the Commission authority for criminal enforcement and make the enforcement division a criminal prosecution agency because a violation of 1090 can be a felony. At the same time, it would be helpful to have an agency remind the public of 1090 when one calls the Commission about a conflict-of-interest issue. Many people do not know about 1090, and there is nothing out there to advise people about it.

In response to a question, Mr. Davidian said that he does not know the specifics of the pilot project but that he has no problem with the Commission reminding people when they call in for advice that they should consider 1090.

In response to a question, Mr. Wallace suggested that the pilot project would give us the ability to use the Commission's educational outreach to inform people. Generally, staff will try to alert people who seek advice to look at other issues if staff sees an additional issue. The goal of the project is to give advice on both issues in one letter, but with the controversy over the effect of the advice, the pilot project is a very small step in that direction.

Commissioner Karlan questioned whether the pilot project ought to also affirmatively reach out to those who follow the 8 step process by reminding them to look at 1090 when finished with the process.

Chairwoman Randolph said that one of the goals of the pilot project is for the Commission's attorneys to be trained on 1090 and for the information to go into the Commission's normal outreach process.

Mr. Davidian mentioned that people who do not know to ask about 1090 actually include attorneys who are giving advice on conflict-of-interest laws.

Marte Castanos, from the California Public Employees Retirement System (CalPERS), urges the Commission to move forward with the 1090 pilot project. There is widespread support for the project, and it will help insure compliance with the law. Many attorneys and the public do not understand 1090 and need help in educating and advising people on these issues.

In response to a question, Mr. Wallace said that there was no specific declaration of opposition by the CDAA. Staff were meeting with Wayne Strumpfer, the CDAA lobbyist, who wanted a more limited approach but was supportive of the project. But, there was no approval by the actual governing body of the CDAA. If the Commission decides to move forward on the project, staff would work with the CDAA board.

In response to a question, Mr. Davidian said that there could be and have been prosecutions against public officials who have even received private attorney advice and recused themselves from participating in a public meeting but did not follow 1090. Mr. Davidian said he would have no problem with bringing 1090 into the PRA if it was de-criminalized, but that is not the present situation. 1090 existed before the PRA. People have been prosecuted under 1090 and they will continue to be, no matter what advice is given. But, if they receive a warning from Commission staff, that would be very helpful.

Chairwoman Randolph noted that more dialogue on this issue would be helpful. The Commission cannot provide immunity in a criminal or civil prosecution. All the Commission can do is issue an opinion that can be used to show good faith on the part of the requestor, which they would probably do regardless of whether the language was in the statute. Thus, if we could discuss this issue further with them, they may become more comfortable with the advice function.

Michael Martello, from the California League of Cities (CLC), testified that the CLC endorses moving the Public Contracts Code sections into the PRA because many public agencies and others do not know about these provisions. The Commission has visibility, and people know about the Commission, its publications, and its forms, and it is part of their experience as they begin governing. Mr. Martello said he thinks that CDAA's arguments are based out of fear and "wanting their ball," and that CDAA wants to be able to have those two or three prosecutions while ignoring education, avoidance, and prevention. Mr. Martello responds to this by suggesting attorneys to send any opinion requests to the District Attorney. Mr. Martello stated

that the CDAA's concern is that it would clog their prosecution, not that it would confer some sort of immunity. The CLC believes that this is an important step forward and will be involved in the pilot and legislative process in helping it move forward.

In response to a question, Mr. Wallace said that the goal of the pilot project, which is a recent approach, is to incorporate the 1090 statute into the PRA. The question is whether the Commission's enforcement division would have administrative powers, in correspondence to the District Attorneys having their criminal powers. There was never discussion about the Commission taking criminal jurisdiction. The ultimate goal from the beginning was to make 1090 a provision of the PRA.

Chairwoman Randolph clarified that that goal would not be self-executing as part of the pilot project, which would stand on its own and then come to an end. The impetus would be on the parties to then do subsequent legislation to put it into the PRA.

In response to a question, Mr. Wallace explained that, the goal would be for the enforcement division to have administrative authority and for District Attorneys or the Attorney General's office to have criminal jurisdiction as they do know.

Chairwoman Randolph commented that the enforcement piece seemed to be the least difficult issue in conversations with the CDAA because as long as they could retain their criminal authority, they do not object with the Commission having administrative authority because it would give them a place to send their case which they do not want to prosecute. It seemed that their greater concern was regarding the advice and regulatory function.

Mr. Wallace explained that the issues seemed to be a shifting target in dealing with the CDAA, because initially their position was that no change should be made. Trying to deal with each of their subsequent issues has been difficult. Staff believes that the pilot project will reduce the number of excuses or reasons that they have for not moving forward and will therefore be a positive process.

In response to a question, Mr. Wallace claimed that the effect of making 1090 part if the PRA would mean that the Commission would do advice letters on 1090 just as it would on conflict-of-interest laws. The issue would be treated just like 87100. The opinions would not immunize any requestor under criminal prosecution. Currently under the PRA, a Commission opinion is immunizable with respect to our enforcement division's administrative jurisdiction, but it is evidence of good faith in a criminal or civil action if the facts are accurate and they relied on it in good faith. That same rule would apply to 1090 if incorporated under the PRA.

Commissioner Karlan commented that the letter would be irrelevant and inadmissible under strict liability criminal offenses.

Commissioner Knox expressed concern about issuing advice letters about a law that the Commission does not enforce. People should be made aware, but perhaps this could be done through our information staff.

Commissioner Downey commented that the Commission needs to get 1090 into the PRA, and staff's recommendation is a step in that direction. It allows the Commission to get the word out and help avoid violations. In three years, it is unclear what the outcome will be, but something good will come out of the empirical process of the pilot project. It is a practical and political matter. He expressed his support of the project, though he is unsure what is at the end of the process.

In response to a question, Chairwoman Randolph said that moving 1090 into the PRA would take legislation, as will the pilot project.

Commissioner Knox agreed with Commissioner Downey that 1090 and the Public Contract Code sections should be incorporated into the PRA. He is concerned, however, that the pilot project does not really advance the Commission in that direction.

Mr. Davidian does not agree with bringing 1090 within the PRA unless there were some adaptations to it. The requirement that every violation of 1090 is a criminal prosecution must be adjusted before bringing 1090 into the PRA. But, the pilot project is a good step.

In response to a question, Mr. Wallace commented that the Commission has the option of moving forward in trying to adapt the statute and move 1090 into the PRA, but the concern is that the Attorney General's office or CDAA opposition would reduce the likelihood of success in passing the legislation. Staff is looking at incremental changes and ways to appease the concerns of those interested parties. Issuing advice letters on 1090 would be done prospectively, before entering into contracts, and they will not normally include the "bad actors" who are pursued by the District Attorneys. The Commission opinions under the pilot project will show that the Commission will not interfere with the "bad actor" prosecutions and will show the huge benefit that outweighs any kind of real or perceived detriment to prosecution. The narrower the pilot project, the harder it will be to get people to request opinions. Advice letters should be a formal advice letter with the same evidentiary weight, immunity from our enforcement division, and evidence of good faith in a criminal or civil prosecution, in order to appeal to the regulated public and make the system work.

Chairwoman Randolph separated the two issues to for the Commission to decide – first, to authorize staff to move forward with the pilot project, and second, to authorize staff to move forward with incorporating the Public Contracts Code section into the PRA.

Commissioner Blair moved to approve both authorizations.

Commissioner Downey seconded.

Commissioners Blair, Downey, Karlan, Knox, and Chairwoman Randolph voted "aye." The motion carried 5-0.

Item #14. Regulation Calendar for the Year 2005: Setting of Priorities.

Assistant General Counsel John W. Wallace noted that if the Commission does an urgency regulation on the domestic partners issue, that will still need to be adopted in the regular course at a regular meeting, so that will still be incorporated into next year's calendar. Also, SB 604 may also require some regulatory action, as it is a large bill. Otherwise, the list is as it was last year, by size of the project. Staff recommends that all of the projects listed in the memorandum go on the calendar.

In response to a question relating to item number 6, Mr. Wallace noted that the Administrative Procedures Act allows agencies to take some of their decisions and consider them to be precendential, in that other decisions can rely on those. Currently, under the PRA, Commission written advice letters are not precedential, just as Commission ALJ decisions are not precendential to future ALJ decisions. The proposal is to set up a system similar to what the State Personnel Board has where certain landmark decisions are designated by the Commission as precedential and can be used as a body of law to rely on in future hearings.

Mr. Russo agreed, saying that it would allow the Commission to be able to cite what has happened in the past, such as the amount of penalties imposed or the application of certain presumptions. Currently, that which happened in the past does not matter for purposes of an ALJ.

Chairwoman Randolph observed that there is consensus on the regulation calendar with the addition of the domestic partner regulation.

Item #15. Legislative Report.

Executive Director Mark Krausse reported that all enrolled bills except SB 1849 have been signed by the Governor. SB 1849 was vetoed by the Governor, who reasoned that the free electronic online filing was not ready yet.

Mr. Krausse invited input by the Commissioners for any legislative proposals and mentioned that staff proposals will be presented to the Commissioners in December for the coming year.

Item #16. Executive Director's Report.

Mr. Krausse had nothing further to add.

Chairwoman Randolph noted that the December meeting is scheduled for December 9, 2004.

Item #17. Litigation Report.

Ms. Menchaca had nothing to add.

Chairwoman Randolph mentioned that oral argument in *Santa Rosa* is coming up on October 19.

The meeting adjourned at 1:05 p.m.

Dated: October 21, 2004.

Respectfully submitted,

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Whitney Barazoto
Commission Assistant

Approved by:

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Chair Randolph